

Message Text

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 6404

INFO USDOC WASHDC

AMEMBASSY PRAGUE

UNCLAS SECTION 1 OF 2 BUDAPEST 2315

FROM STEIN, USDOC BEWT

EO 11652: N/A

TAGS: EIND HU

SUBJECT: U.S. PATENT AND LICENSING DELEGATION VISIT TO HUNGARY

1. SUMMARY: DELEGATION COMPLETED HIGHLY SUCCESSFUL VISIT TO HUNGARY JULY 9; GROUP BENEFITED FROM WELL-KNOWN MAGYAR HOSPITALITY AND COOPERATION. DELEGATION MET WITH REPRESENTATIVES OF CHAMBER OF COMMERCE, HUNGARIAN PATENT OFFICE, MINISTRY OF FOREIGN TRADE, MINISTRY OF FINANCE, STATE OFFICE FOR TECHNICAL DEVELOPMENT, DANUBIA PATENT BUREAU, INTERNATIONAL LAWYERS COOPERATIVE, AND FOREIGN TRADE ORGANIZATIONS AND INDUSTRIAL ENTERPRISES. IN ADDITION, GROUP VISITED SEVERAL PRODUCTION FACILITIES, INCLUDING RADELKIS INDUSTRIAL COOPERATIVE, PARTNER IN JOINT VENTURE WITH CORNING INTERNATIONAL. END SUMMARY.

2. DELEGATION WAS MET ON ARRIVAL AT BUDAPEST AIRPORT JULY 3 BY EMBASSY ECONOFF AND REPRESENTATIVE OF HUNGARIAN CHAMBER OF COMMERCE (HCC), WHICH WAS CO-SPONSORING ORGANIZATION WITH HUNGARIAN PATENT OFFICE. CHAMBER, WHICH WAS EXTREMELY HELPFUL IN MANAGING DELEGATION'S PROGRAM, ARRANGED FOR GUIDED TOUR OF BUDAPEST SUNDAY, JULY 4. IN AFTERNOON MEMBERS ATTENDED EMBASSY FOURTH OF JULY PICNIC FOR AMERICANS. LATER EMBASSY ECONOFF AND

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COMMATT JOINED DELEGATION FOR INFORMAL DINNER-BRIEFING

SESSION.

3. OFFICIAL OPENING WAS HELD AT CHAMBER OF COMMERCE MORNING OF MONDAY, JULY 5. PRESIDENT AND MEMBERS OF HUNGARIAN PATENT OFFICE PARTICIPATED IN DISCUSSION OF HUNGARIAN PATENT AND TRADEMARK LAW. AFTER LUNCH (HOSTED BY HCC), REPRESENTATIVES OF DANUBIA PATENT BUREAU AND INTERNATIONAL LAWYERS' COOPERATIVE DISCUSSED HUNGARIAN PATENT AND LICENSING PRACTICE. THE TWO ORGANIZATIONS REPRESENT FOREIGNERS IN FILING PATENT AND TRADEMARK APPLICATIONS IN HUNGARY AND IN OTHER RELATED LEGAL MATTERS. (COMPETITIVE NATURE OF RELATIONSHIP BETWEEN THE TWO ORGANIZATIONS BECAME EVIDENT DURING THE COURSE OF THIS AND OTHER MEETINGS.) IN EVENING, AMERICAN MEMBERS ATTENDED EMBASSY'S OFFICIAL BICENTENNIAL RECEPTION.

4. WIDE-RANGING DISCUSSION TUESDAY MORNING WITH OFFICIALS OF HCC, MINISTRY OF FOREIGN TRADE, MINISTRY OF FINANCE AND LICENCIA (ONE OF TWO FTO'S SPECIALIZING IN LICENSING AGREEMENTS) WAS ESPECIALLY PRODUCTIVE IN CLARIFYING HUNGARIAN POLICY ON JOINT VENTURES AND UNDERTAKINGS. AFTERNOON SESSION INCLUDED, INTER ALIA, PRESENTATIONS BY NOVEX (OTHER FTO SPECIALIZING IN LICENSING) AND INTERCOOPERATION (FTO WHICH ASSISTS FOREIGN COMPANIES AND HUNGARIAN FIRMS IN ARRANGING INDUSTRIAL COOPERATION AGREEMENTS).

5. WEDNESDAY MORNING VISIT TO TUNGSRAM PRODUCTION FACILITY AT VAC, 50 KILOMETERS NORTH OF BUDAPEST, TURNED OUT TO BE LESS THAN SUCCESSFUL. DELEGATION HAD ORIGINALLY

REQUESTED THAT EMBASSY CHANGE ORIGINAL SCHEDULE TO VISIT THIS PARTICULAR FACILITY UNDER MISTAKEN IMPRESSION THAT MODERN TECHNOLOGY FROM CORNING WAS EMPLOYED THERE. EMBASSY HAD RELAYED THIS REQUEST, AS RECEIVED, TO CHAMBER OF COMMERCE, WHICH ARRANGED PROGRAM. DUE TO MISINFORMATION SUPPLIED BY DELEGATION AND POB COMMUNICATIONS BETWEEN HUNGARIAN ORGANIZATIONS INVOLVED EMBASSY AND DELEGATION DID NOT DISCOVER UNTIL TOO LATE THAT CORNING TECHNOLOGY IS, IN FACT, USED AT A DIFFERENT TUNGSRAM FACTORY. VAC PLANT IS RELATIVELY OLD ONE WHICH PRODUCES UNCLASSIFIED

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INCANDESCENT LAMPS. WEDNESDAY AFTERNOON VISIT TO BUDAPEST ELECTROACOUSTIC FACTORY WAS MORE USEFUL; DELEGATION MET WITH ENTERPRISE PATENT AND LICENSING SPECIALISTS AND TOURED MODERN PRODUCTION FACILITY

6. THURSDAY'S SCHEDULE INCLUDED VISITS TO AKADIMPORT (WHICH IMPORTS GOODS FOR RESEARCH ORGANIZATIONS OF THE HUNGARIAN ACADEMY OF SCIENCES), WHERE DELEGATION

RECEIVED MAJOR COMPLAINT ON EXPORT CONTROLS; MEDICOR WORKS (LARGE PRODUCER OF MEDICAL DEVICES WHICH ENJOYS INDEPENDENT EXPORT AND IMPORT RIGHTS);AND FTO NOVEX (TRADES IN EQUIPMENT RELATED TO HUNGARY HEAVY INDUSTRY). FINAL THURSDAY MEETING WITH STATE OFFICE FOR TECHNICAL DEVELOPMENT (OMFB) DEALT WITH ITS FUNCTIONS AND RELATIONSHIP TO TECHNOLOGY TRANSFER. OMFB ACTS AS CONSULTANT TO GOH ON MAJOR QUESTIONS OF TECHNICAL DEVELOPMENT RELATED TO LONG-TERM PLANNING (IT HAS AT ANY ONE TIME ABOUT 100 STUDIES OR "CONCEPTS" WITH WHICH IT CONCERNS ITSELF); OMFB COORDINATES RESEARCH AND DEVELOPMENT IN AREAS PRIMARILY WHERE INDIVIDUAL ENTERPRISES HAVE NO ECONOMIC INCENTIVE AND/OR INSUFFICIENT MEANS TO CONDUCT THEIR OWN R&D. IN GENERAL, OMFB HAS ROLE IN EVALUATING OR APPROVING INDIVIDUAL TECHNOLOGY TRANSFER AGREEMENTS ONLY IN THE RELATIVELY LIMITED NUMBER OF CASES WHERE TECHNOLOGY IMPORT IS A CONSEQUENCE AT ONE OF OMFB'S "CONCEPTS", OR WHEN OMFB IS FUNDING THE TRANSACTION. (THESE CASES WOULD TEND, HOWEVER, TO BE THE LARGER THAN AVERAGE TRANSACTIONS, AND IN SUCH CASES OMFB HAS KEY ADVISORY ROLE.) OMFB IS THUS LESS LIKELY TO BE IMPORTANT TO THE POTENTIAL FOREIGN LICENSOR THAN THE ANALOGOUS FEDERAL MINISTRY OF TECHNOLOGY AND INVESTMENTS IN CZECHOSLOVAKIA.

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TO SECSTATE WASHDC 6405

INFO USDOC WASHDC

AMEMBASSY PRAGUE

UNCLAS SECTION 2 OF 2 BUDAPEST 2315

FROM STEIN, USDOC BEWT

7. ON FRIDAY MORNING U.S. DELEGATION VISITED RADELKIS INDUSTRIAL COOPERATIVE, WHICH HAS JOINT VENTURE WITH CORNING INTERNATIONAL, AND MET WITH RADELKIS COOPERATIVE PRESIDENT TO DISCUSS JOINT VENTURE AGREEMENT AND EXPERIENCE. THIS WAS FOLLOWED BY TOUR OF PLANT. VISIT CONCLUDED FRIDAY AFTERNOON WITH LUNCHEON FOR HUNGARIAN COUNTERPARTS HOSTED BY DELEGATION AND CHARGE D'AFFAIRES MUDD.

8. GENERAL IMPRESSIONS: HOSPITALITY EXTENDED BY HUNGARIAN HOSTS WENT EVEN BEYOND USUAL HIGH MAGYAR STANDARDS AND CLEARLY SURPASSED RECEPTION DELEGATION RECEIVED IN CZECHOSLOVAKIA. CHAMBER OF COMMERCE PLAYED MORE ACTIVE AND IMPORTANT ROLE THAN IN OTHER THREE COUNTRIES (CZECHOSLOVAKIA, ROMANIA AND BULGARIA) VISITED BY REPORTING BEWT OFFICER. IN ALMOST ALL CASES HUNGARIAN REPRESENTATIVES ATTENDING MEETINGS WERE QUALIFIED, WELL-INFORMED EXPERTS IN THEIR RESPECTIVE FIELDS. THEIR RESPONSES TO DELEGATION'S QUESTIONS WERE OPEN AND DIRECT, AND THERE WERE FEW OF THE TRADE ACT AND EXPORT CONTROL BARBS WHICH WERE COMMONPLACE DURING THE CZECH PORTION OF THE TRIP. EXCELLENT RESULTS OF HUNGARIAN VISIT MAY HAVE MADE CZECH PORTION OF TRIP APPEAR TO SOME DELEGATION MEMBERS OF LESS SATISFACTORY

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THAN IT ACTUALLY WAS, IN OPINION OF REPORTING OFFICER. ACTUALLY, CZECHS ANSWERED MOST DELEGATION QUESTIONS, AND DIFFERENCES BETWEEN THE TWO SYSTEMS (HUNGARIAN SYSTEM OF RELATIVELY DECENTRALIZATION IS OBVIOUSLY MORE ATTRACTIVE TO FOREIGNERS FRUSTRATED BY DEALING WITH COMPARATIVELY INFLEXIBLE, CENTRALIZED CZECH MODEL) MAY HAVE BEEN IMPORTANT FACTORS IN RETROSPECTIVE DISSATISFACTION WITH CZECH PORTION OF TRIP BY SOME U.S. DELEGATION MEMBERS.

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